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ABSTRACT

The Governor's budget for 1988-89 is described as it applies to California higher education. The scope of the higher education enterprise and its 1988-89 budget is discussed, including information on areas of increased funding and new policy initiatives and capital outlay funding. Budget issues that have long-term policy implications for consideration are: reform of community college finance; student financial aid; long-range facilities planning; cooperative intersegmental programs; and faculty development. The Governor's budget will continue to maintain the system of public and private higher education for which it is known, funding such responsibilities as enrollment growth, salaries, price increases, student financial aid, and capital outlay. Tables provide information on general funds for the major expenditure categories in the state budget; expenditures for public postsecondary education; full-time equivalent enrollment in the University of California and the California State University; percentage changes in state general funds and enrollment for all public segments of California education; funds proposed for capital outlay at California's public colleges and universities; total state and local capital outlay expenditures at the University of California, California State University, and the California Community Colleges; and intersegmental programs contained in the 1988-89 proposed budget. (SM)

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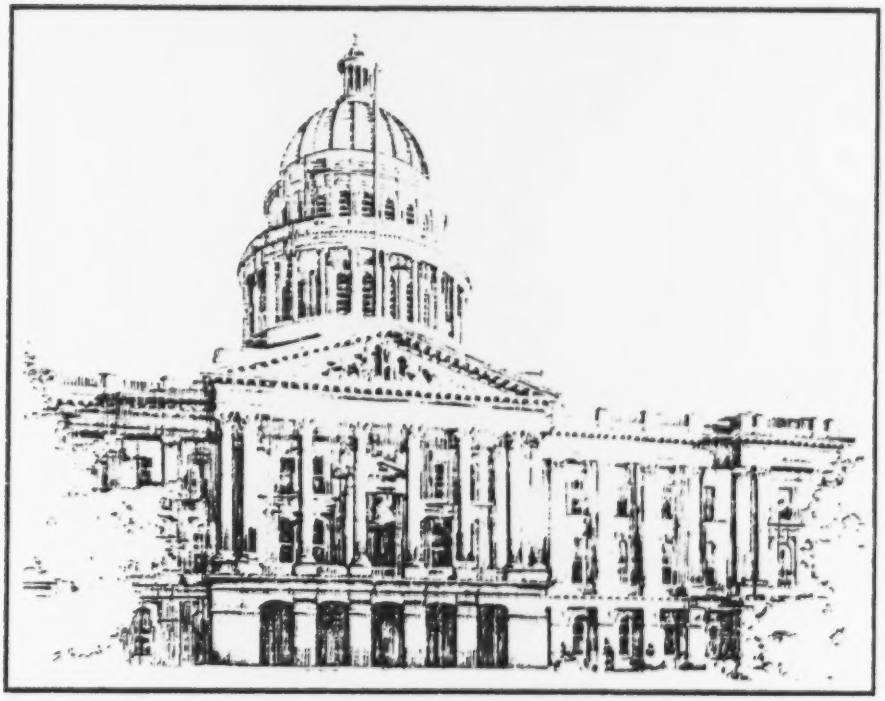
OVERVIEW OF THE 1988-89 GOVERNOR'S BUDGET FOR POSTSECONDARY EDUCATION IN CALIFORNIA



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Summary

In this statement,William H. Pickens, the Commission's executive director, describes the Governor's Budget for 1988-89 as it applies to California higher education. Mr. Pickens concludes that the budget will maintain the State's system of colleges and universities that has become internationally known for access, quality, and diversity -- and that it will fund major State responsibilities such as enrollment growth, salary and price increases, student financial aid, and capital outlay. Nonetheless, he identifies five budget issues that will have long-term policy implications and that should be considered during the Legislature's deliberations on the budget:

1. Reform of Community College finance;

2. Student financial aid;

3. Long-range facilities planning;

4. Cooperative intersegmental programs; and

5. Faculty development.

The Commission discussed this statement at its meeting on March 21, 1988. Additional copies of the report may be obtained from the Library of the Commission at (916) 322-8031.

OVERVIEW OF THE 1988-89 GOVERNOR'S BUDGET FOR POSTSECONDARY EDUCATION IN CALIFORNIA

Testimony to the Senate Budget and Fiscal Review Subcommittee #1 on Education, February 29, 1988, and to the Assembly Ways and Means Subcommittee #2 on Education, March 8, 1988,

by William H. Pickens, Executive Director, California Postsecondary Education Commission,

CALIFORNIA POSTSECONDARY EDUCATION COMMISSION
Third Floor • 1020 Twelfth Street • Sacramento, California 95814-3985

COMMISSION REPORT 88-8
PUBLISHED MARCH 1988

THIS is one in a series of staff reports on important issues affecting California postsecondary education. These reports are brought to the California Postsecondary Education Commission for discussion rather than for action, and they represent the interpretation of the staff rather than the formal position of the Commission as expressed in its adopted resolutions and reports containing policy recommendations.

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Overview of the 1988-89 Governor's Budget for Postsecondary Education in California

Mr. Chairman and Members of the Subcommittee, I am Bill Pickens, executive director of the California Postsecondary Education Commission. I appreciate your invitation to provide a brief overview of the Governor's Budget for higher education and some of the major policy issues facing the Legislature in this area.

Scope of the higher education enterprise and its 1988-89 budget

California is well known for its three public systems of higher education: the University of California, the California State University, and the California Community Colleges. Along with the California Maritime Academy and Hastings College of the Law -- separate line items in the State Budget -- these public institutions enroll more than 1.5 million students and have annual State-supported budgets in excess of $5.2 billion. California also has a large and diverse collection of private universities, colleges, and vocational institutions. More than 190 accredited independent institutions enroll over 200,000 students; some 160 non-accredited colleges and universities also offer degrees in the State, and more than 1,200 private proprietary schools provide vocational training. Within this array, your subcommittee will be considering the budgets for the tax-supported institutions and for the Student Aid Commission, whose funds provide assistance to many students in the public and private sector.

Display 1 on page 2 shows that the Governor's Budget recommends a total of $5.5 billion General Fund expenditures for current operations support of higher education in 1988-89 -- a 6.9 percent increase over the current year. This is the first year in the last four that higher education's increase has been less than the overall increase in State General Fund expenditures. Display 2 shows that, when lottery funds, student fees, and property tax revenues are added to the General Funds, the three public segments will receive nearly equal percentage increases in funds -- again a rare occurrence.

Areas of increased funding

A significant component of the increase for all segments is funding for additional enrollments expected next year: 1.4 percent in the University of California, 1.2 percent in the California State University, and 2.7 percent in the Community Colleges. As you can see from Display 3 on page 3, increased enrollment demand has been continuous for the public universities since the mid-1980s and for the Community Colleges since 1986 after their 15 percent decline in average daily attendance beginning in 1982. The results of this decline and limited funding increases in the early '80s can be seen in Display 4, which shows the Community Colleges behind all sectors of education in terms of total funding. In terms of funding per student (or per unit of average daily attendance), the Community Colleges have also lost purchasing power over the past ten years -- an issue to which I will return later in these remarks.

Another large component of the increases are funds to keep faculty salaries at the University and the State University at the percentages needed to maintain parity with their comparison groups of institutions -- 3.0 percent for the University and 4.7 percent for the State University, as calculated by the Commission's methodology. However, the budget allocates only enough funds to make those increases effective for half of the fiscal year, thus incurring a significant funding obligation for 1989-90. Finally, in the salary area, merit salary funds are provided for faculty but not for staff of the public universities for the fourth year in a row.

The budgeted increase for the Community Colleges provides a 4.79 percent increase in apportionments according to their statutory formula and continues this year's $11.0 million augmentation for ADA growth in basic skills courses. The budget continues the Community Colleges' "matriculation" program --

DISPLAY 1 *General Funds for the Major Expenditure Categories in the State Budget, Estimated for 1987-88 and Proposed for 1988-89, with Dollar Amount and Percentage Changes (Dollars in Millions)*

Category	Estimated 1987-88	Proposed 1988-89	Change Amount	Change Percent
K-12 Education	$12,677	$13,656	$979	7.7%
Higher Education	5,201	5,559	358	6.9
Health and Welfare	10,730	11,592	862	8.0
Youth and Adult Corrections	1,947	2,179	232	11.9
Business, Transportation, and Housing	2,285	2,440	155	6.8
Resources	1,158	1,109	-49	-4.2
State and Consumer Services	495	524	29	5.9
Payments to Local Government	3,416	3,443	27	0.8
Tax Relief Subventions	872	885	13	1.5
Other	719	973	254	35.3
TOTAL	$39,500	$42,360	$2,860	7.2%

Source: *Governor's Budget Summary 1988-89*, Legislative Analyst's Office *Analysis of the 1988-89 Budget Bill*, and other information sources.

DISPLAY 2 *Expenditures for Public Postsecondary Education, Budgeted 1987-88 and Proposed 1988-89 (Dollars in Thousands)*

Segment	1987-88 Budgeted	1988-89 Proposed	Change
University of California	$2,265,600	$2,417,800	6.7%
The California State University	1,765,800	1,884,500	6.7
California Community Colleges	2,072,400	2,204,500	6.4
California Student Aid Commission	125,800	143,700	14.2
TOTAL, Expenditures	$6,229,600	$6,650,500	6.8%

Note: The above table combines State General Funds, Lottery Funds, State School Funds, Student Fees and Local Revenues. Federal Funds are excluded for the University of California.

Source: Governor's Budget Summary, 1988-89, Table 3-1, page 13.

DISPLAY 3 *Full-Time-Equivalent Enrollment in the University of California and the California State University, and Average Daily Attendance in the California Community Colleges, 1979-80 Through 1988-89, with Year-to-Year Percentage Changes*

Year	University of California Full-Time-Equivalent Enrollment	University of California Percent Change	The California State University Full-Time-Equivalent Enrollment	The California State University Percent Change	California Community Colleges Average Daily Attendance	California Community Colleges Percent Change
1979-80	122,681	--	232,936	--	670,623	--
1980-81	126,119	2.8%	238,646	2.5%	725,514	8.2%
1981-82	128,035	1.5	239,927	0.5	750,715	3.5
1982-83	129,643	1.3	241,407	0.6	728,856	-2.9
1983-84	130,822	0.9	241,989	0.2	665,183	-8.1
1984-85	133,705	2.2	242,752	0.3	644,419	-3.1
1985-86	136,928	2.4	248,456	2.3	639,074	-0.8
1986-87	141,283	3.2	252,474	1.6	654,070	2.4
1987-88 (est.)	145,046	2.7	258,120	2.2	681,764	4.2
1988-89 (prop.)	147,095	1.4	261,195	1.2	700,054	2.7

Source: Legislative Analyst's Office *Analysis of the Budget* for various fiscal years.

DISPLAY 4 *Percentage Changes in State General Funds and Enrollment for All Public Segments of California Education, Comparing General Fund Expenditures and Enrollments Proposed for 1988-89 with the 1980-81, 1984-85 and 1987-88 Fiscal Years*

Segment	1988-89 Percentage Increase Over 1980-81 Funds	1988-89 Percentage Increase Over 1980-81 Enrollments	1988-89 Percentage Increase Over 1984-85 Funds	1988-89 Percentage Increase Over 1984-85 Enrollments	1988-89 Percentage Increase Over 1987-88 Funds	1988-89 Percentage Increase Over 1987-88 Enrollments
K-12 Education	76.9%	11.8%	34.0%	8.2%	7.7%	2.1%
University of California	89.7	16.6	39.9	10.0	7.0	1.4
The California State University	76.0	9.4	33.2	7.6	6.8	1.2
California Community Colleges	29.0	-3.5	25.7	8.6	6.4	2.7

Sources: *Governor's Budgets* and Legislative Analyst's Office *Analysis of the Budget* for various fiscal years.

a major effort to improve counseling, assessment, and placement in this segment -- at $20.9 million, the same overall level as this year.

In terms of student charges, the Governor's Budget continues several important policies. One is the increase in student fees at the University of California and the California State University according to the methodology adopted by the Legislature in 1985 -- fee increases of 4.4 percent and 8.6 percent, respectively. (Community College fees remain at the same level.) A second is the provision of student financial aid to each segment sufficient to offset these fee increases for needy students.

The budget continues the State programs designed to increase the number of underrepresented minority students in California higher education and augments some of these programs at the University and State University -- especially those aimed at increasing student retention.

New policy initiatives and capital outlay funding

Although the budget provides funding for several other new programs, its major new policy initiatives are (1) an allocation of $13.8 million to increase the maximum grant in the Student Aid Commission's Cal Grant A program for students attending independent colleges and universities, and (2) $2.5 million for a new faculty research program at the California State University -- an initiative recommended by the Commission for the Review of the Master Plan for Higher Education.

In terms of capital outlay, Display 5 shows that the budget recommends total State funds of some $360 million for all three segments -- $185 million for the University, $124 million for the State University, and $54 million for the Community Colleges -- most of which is dependent upon passage of a general obligation bond measure proposed for the November 1988 ballot. The only other State funds proposed for capital outlay are $61.0 million from High Technology Revenue bond funds for the University of California.

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This, of course, is a necessarily brief summary of the major elements in the Governor's proposed budget for higher education. I would now like to turn to some of the budget issues that have long-term policy implications and should be considered during your deliberations.

Issue 1: Reform of Community College finance

The Community Colleges have a finance system that serves neither them nor the State well. Revenues for each district are generated by a rigid State formula -- one based almost wholly on enrollments and adjusted annually by factors that do not relate directly to the revenue needs of the districts. At the same time, most spending decisions are made by local boards of trustees that receive funds appropriated through a budget process based on a statutory formula where the specific consequences of funding levels are not apparent to State officials. This stands in sharp contrast to the State's two public universities, which have some generally agreed-to standards about adequate funding for most of their operations. The reasons for these differences come from both the history of the Community Colleges -- they evolved from locally funded public school systems -- and from their size, serving over 1.1 million students at 106 campuses.

The Postsecondary Education Commission, the Board of Governors of the California Community Colleges, and the Commission for the Review of the Master Plan have joined together in calling for a move away from the ADA-driven funding system to one that would identify different program categories, such as instruction and student services. Recently, a broadly based Task Force on Community College Financing, established by AB 3409 in 1986, recommended "program based" funding for the Community Colleges that would split their appropriations into five categories and apply funding standards to each category -- an approach similar to the two universities. For example, the task force recommended standards, among others, that would reduce class size and increase the proportion of full-time faculty.

"Reform" in the Community Colleges has come to have several definitions when applied to finance: funding for more full-time instructors, more funds for counseling and assessment, a strengthened transfer program, more authority for the Board of Governors in the budget development and negotia-

DISPLAY 5 *Funds Proposed for Capital Outlay at California's Public Colleges and Universities for the 1988-89 Fiscal Year (Dollars in Thousands)*

Segment and Fund	Proposed 1988-89
University of California	
High Technology Education Revenue Bond Fund	$61,467
Higher Education Capital Outlay Bond Fund of 1988	124,000
Capital Outlay Fund for Public Higher Education	--
Special Account for Capital Outlay	--
Public Building Construction Fund	--
Higher Education Capital Outlay Bond Fund	--
TOTAL STATE FUNDS	$185,467
Federal and Other Non-State Funds	2,493
TOTAL FUNDS	$187,960
The California State University	
Capital Outlay Fund for Public Higher Education	--
High Technology Education Revenue Bond Fund	--
Higher Education Capital Outlay Bond Fund of 1988	124,000
Special Account for Capital Outlay	--
Public Building Construction Fund	--
Higher Education Capital Outlay Bond Fund	--
TOTAL STATE FUNDS	$124,000
Other (Non-State) Funds	--
TOTAL FUNDS	$124,000
California Community Colleges	
Capital Outlay Fund for Public Higher Education	--
Higher Education Capital Outlay Bond Fund of 1988	$50,524
Special Account for Capital Outlay	--
Public Building Construction Fund	--
Higher Education Capital Outlay Bond Fund	--
TOTAL STATE FUNDS	$50,524
Local (District) Funds	3,489
TOTAL FUNDS	$54,013
California Maritime Academy	
Higher Education Capital Outlay Bond Fund	--
Higher Education Capital Outlay Bond Fund of 1988	$390
TOTAL FUNDS	$390
TOTAL, Segmental Capital Outlay Funding	**$366,363**

Note: No capital outlay expenditures are proposed for Hastings College of the Law in the 1988-89 fiscal year. Monies allocated in the segment's support budgets for asbestos abatement and removal of hazardous substances are not included here.

Source: The 1988-89 Governor's Budget.

tion process, more support for faculty development, and better measures of standard costs.

The Governor's Budget funds statutory increases and provides funds beyond statutory requirements for growth in average daily attendance. It does not, however, anticipate financing any new reform initiatives or significant increases in current efforts. Obviously, not all reforms are equally important nor could they all be funded in 1988-89. However, we believe it is important for the Legislature to indicate its intention soon about the long-term direction for Community College finance toward a program-based system that would better identify the fiscal needs of the colleges and fund high priority initiatives. In addition, some expenditures could begin to provide important new directions for this segment. In this regard, the Commission staff recommends a new statewide program for faculty and staff development based on our year-long study of development needs in higher education.

Issue 2: Student financial aid

Several major issues are raised by the Governor's Budget for the Student Aid Commission, which administers the Cal Grant A program -- a scholarship program for needy and academically talented students that covers their tuition and fees -- and the Cal Grant B program that assists low-income disadvantaged students to attain a baccalaureate degree by covering subsistence costs in their freshman year and tuition and fees for their remaining three years of college.

- The first issue involves the maximum award for students who choose to attend a non-public institution. Here, the Governor's Budget proposes to increase the maximum grant for these students in both the Cal Grant A and Cal Grant B programs to $5,400 -- a 24 percent increase.

- The second issue involves the fact that no new awards are identified for the Cal Grant B program, which is the State's major financial aid program for disadvantaged students.

- The third issue deals with the location for budgeting student aid funds to offset fee increases in the University and the State University, since currently both the Student Aid Commission and the segments receive funds for this purpose.

All three of these issues have long-term implications, which I would like to highlight.

1. *Maximum awards for students at independent institutions:* Some say that the Governor has given too much money to independent institutions because of the Cal Grant increase. In this regard, it is important to remember that no institution receives an increase directly, but that only needy students do, to allow some choice among institutions. In terms of the grant increase maximums, the evidence is that the "purchasing power" of grants in terms of total tuition at independent colleges and universities has eroded steadily and that the unmet financial need of students has doubled over the past few years. Certainly a large increase in the maximum grant is reasonable to recognize this erosion of students' ability to choose to attend a private institution -- one of the State's basic policies for financial aid. But the long-range problem is that the State does not have a policy with regard to establishing the maximum grant or adjusting it annually. There are at least three options here: establishing the maximum (1) in some relation to tuition in the private sector, (2) at the average cost at a public university, or (3) at the marginal cost for each additional student at a public university. Regardless of where the maximum is established for next year, the Legislature should carefully consider how to establish policy, or at least develop a process for establishing that policy that is most consistent with the State's intentions regarding choice.

2. *Needed increases in the number of Cal Grant B awards:* We are persuaded that an equally high priority in recognizing the erosion of student financial aid opportunity is to maintain the State's commitment to access. In this regard, the need for increasing the number of awards for needy students in the Cal Grant B program is a strong one, and I hope you will seriously consider an augmentation for this purpose.

3. *Locus of State financial aid funds for University and State University students:* The final issue you will be considering is where student aid

funds are budgeted for needy students attending the University and the State University. Currently, students in these institutions who receive Cal Grants have a portion of their fees covered by the Student Aid Commission and a portion covered by State aid that is given directly to the segments. This practice was established in the early 1980s when fee increases were so steep that the Legislature wanted to insure that University and State University students would receive all the funds appropriated to offset the fee increase. The Legislative Analyst recommends solving this problem by reallocating institutional aid for all Cal Grant winners from the universities to the Student Aid Commission -- a reasonable approach to solving this budgetary ambiguity, but not the only effective way to insure the policy of full-fee coverage. Another possible option that you should consider is a policy whereby the universities report to the Student Aid Commission on aid distributed to Cal Grant award winners to document that the State's policy is being achieved.

All these decisions are made more complicated by the fact that financial aid goes to students and is not intended as support for institutions. This fact is obvious, but discussions in this area often focus on how much the "institutions" get -- such as how much goes to the University, the State University, or the independent colleges. We would urge that decisions on financial aid be based on what makes most sense and is most equitable for the students themselves -- how to provide more opportunity with the dollars available, as efficiently as possible.

Issue 3: Long-range facilities planning

As shown in Display 6, during the 12 years from 1976-77 through 1987-88, the State provided almost $1.67 billion dollars for capital construction, renovation, and repairs in the State's public postsecondary institutions. During the next 12 years, the postsecondary institutions project their need at more than four times that level -- at $7.68 billion (Pickens, 1987).

Even if these projected needs are speculative, there are several reasons to believe they are not wildly off the mark:

- First, a pent-up demand exists for new facilities and for renovations and repairs of existing ones. During the late 1970s and early '80s, fund sources usually reserved exclusively for capital outlay were shifted to the State's General Fund to support ongoing operations in other State programs. To deal with the combined effect of Proposition 13 and a severe economic recession, the State was forced to delay, defer, and cancel many priority higher education facilities projects.

- Second, the need to alter, renovate, and convert many aging facilities will require approximately one third of the $7.68 billion estimate for capital outlay projects over the next 12 years -- about $2.3 billion.

- Finally, enrollment increases projected for public postsecondary education in California through the next 20 years will require expansion of facilities in order to meet demand without sacrificing the quality or effectiveness of instruction. Certainly, technology will allow us to relieve some of the enrollment pressures with new approaches, but the need for additional facilities to accommodate most students will remain.

It is important to note that no statewide or segmental plans currently exist on how the State might accommodate and pay for new enrollment demand. At the present time, the only "official" enrollment estimates are from the State Department of Finance, which go only through the year 1996, and these estimates show no need for major new facilities up to that time. However, the segments -- particularly the University of California -- have been experiencing enrollment demand far in excess of the Department's projections. The University has begun to discuss whether enrollment demand will require new campuses, and the State University is currently developing three off-campus centers to accommodate some of its projected demand.

Given this situation, it is imperative that we begin comprehensive, systematic planning on a statewide level, in order to (1) estimate the long-term demand for enrollments throughout higher education, both public and private, (2) develop estimates of resource requirements to meet this demand, and (3) identify funding options with which the State could meet its commitment to accommodate eligible students. The Commission for the Review of the Master Plan has

DISPLAY 6 *Total State and Local Capital Outlay Expenditures (Excluding Federal and Non-State Funds) at the University of California, the California State University, and the California Community Colleges, 1976-77 to 1987-88, and Total Need Estimated by the Segments, 1988-89 to 1999-2000 (Dollars in Millions)*

Year	University of California	The California State University	California Community Colleges	Total
Total Expenditures, 1976-77 to 1987-88	$813.1	$460.8	$382.0	$1,655.9
Total Need Estimated by the Segments, 1988-89 to 1999-2000	$3,600.0	$3,300.0	$780.0	$7,680.0

Source: Pickens, 1987.

advocated that the Postsecondary Education Commission assume leadership in this task, and our Commission has begun work to this end.

Issue 4: Cooperative intersegmental programs

California's public school system and its three-tiered system of postsecondary education have historically emphasized the distinctiveness and unique mission of each of the segments, and the State's budget process accentuates their separate accountability. However, the State's policy that students should have the opportunity to advance through education to the maximum extent of their ability and motivation has required that effective cooperative links be developed among the segments, both on local and State levels. Four areas where close cooperation is particularly important are student preparation, transfer and articulation, teacher education, and educational research.

Two years ago, in response to concerns about the lack of coordination and planning in budget requests and program implementation, the University of California, the California State University, the California Community Colleges, and the State Department of Education formed an Intersegmental Budget Task Force and assigned it the responsibility of preparing and reviewing budget requests with intersegmental implications in order to encourage the development of cooperative initiatives in education. For 1988-89, the task force identified 16 programs for new or enhanced funding, and the Governor proposes to fund eight -- ranging from faculty participation in high school accreditation to establishing a "middle college" collaborative effort between Community Colleges and high school districts to establish a program for high-risk students who have college potential but are likely to drop out of high school. Display 7 identifies these eight projects.

Of these proposals, the "2+2+2" program best illustrates the practical links between institutions. It would fund planning grants to high schools and Community Colleges with established career education programs in order to integrate these programs with four-year institutions. Its purpose is to expand pathways to the baccalaureate degree, particularly for students who are oriented to employment while still in high school and who seek some mix of career and general education as they move from high school to Community College to four-year institutions, sometimes stopping out for full-time employment.

The proposed budget for 1988-89 also provides expanded funding for two intersegmental programs that our Commission recently evaluated and identified as successful in achieving their objectives -- the Minority Engineering Program, administered by both the University of California and the California State University, and the California Student Opportunity and Access Program (Cal-SOAP), administered by the Student Aid Commission. Funding in the budget will allow the Minority Engineering Program to expand to more university campuses and Cal-SOAP to extend its services to the junior high school level.

DISPLAY 7 Intersegmental Programs Contained in the 1988-89 Proposed Budget (Dollars in Thousands)

Category and Name of Program	Segment	1987-88 Funding	1988-89 Funding	Total Funding
Student Preparation				
Faculty Participation in High School Accreditation	Department of Education	--	$470	$470
Middle College	Community Colleges	--	220	220
Transfer and Articulation				
2+2+2	Community Colleges	--	455	455
CAN Project	University and the State University	200	400	600
Teacher Education				
Teacher Institutes	State University and Department of Education	300	390	690
New Teacher Retention	State University and Department of Education	512	340	852
Curriculum Institutes	Department of Education	--	100	100
Educational Research				
University/Schools Cooperative Research Program	University and Department of Education	--	578	578
Total		$1,012	$2,953	$3,965

Source: 1988-89 Governor's Budget.

Although not a large amount, the additional funding for intersegmental programs in the 1988-89 budget is an important recognition of the need for cooperation in improving educational opportunities for all Californians. The success of such "linking" programs should be a major priority for the State.

Issue 5: Faculty development

Investment in the human resources of colleges and universities is also important for the success of higher education. A new initiative in the budget for the State University is the creation of a Faculty Research Program. This program is designed to enrich the scholarly and creative activities of State University faculty and will provide $2.5 million for faculty members to participate in summer fellowship programs, receive mini-grants for research, and compete for one term leaves-of-absence to engage in research related to their academic disciplines. Although "research" in the State University was endorsed in the 1960 Master Plan so long as it was consistent with the instructional mission of that segment, this is the first time the budget contains a direct and unrestricted appropriation for "research" there.

The Postsecondary Education Commission agrees with the Governor that funding is appropriate for this program, which will provide new opportunities

for State University faculty to develop beyond the classroom. Such research and development opportunities are essential for a strong State University faculty. Given the mission of the State University, however, we believe that the program should place particular emphasis on improving undergraduate instruction. Later this month, the Commission will consider staff recommendations concerning a process for the effective planning of faculty development activities in all three public segments -- a need identified in our recent study of faculty development programs and problems.

California's Community Colleges also need expanded opportunities for faculty development. A recent consultant's report for our study concluded that faculty development in the Community Colleges suffers from "serious resources scarcities." The consultant's survey found that 70 percent of the colleges spent less than 1 percent of their operating budget on faculty development -- over half reported spending one-half of 1 percent or less. This is in sharp contrast with the amount of resources available to faculty and staff in the community colleges in other states such as Florida, where the formula provides 2 percent of each college's budget for staff and program development.

Although the Governor's Budget does not provide any appropriation for Community College faculty development, we would recommend this as a high priority for augmentation.

Summary

In conclusion, California has built over the years a system of higher education, both public and private, that is internationally known for its access, quality, and diversity. The Governor's Budget maintains that system and funds major responsibilities such as enrollment growth, salaries, price increases, student financial aid, and capital outlay. Still you face some challenging policy and fiscal decisions in this budget, where I hope our Commission's advice can be helpful.

Mr. Chairman, thank you for the opportunity to describe the budget and some of these challenges. I would be glad to answer any questions.

References

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CALIFORNIA POSTSECONDARY EDUCATION COMMISSION

THE California Postsecondary Education Commission is a citizen board established in 1974 by the Legislature and Governor to coordinate the efforts of California's colleges and universities and to provide independent, non-partisan policy analysis and recommendations to the Governor and Legislature.

Members of the Commission

The Commission consists of 15 members. Nine represent the general public, with three each appointed for six-year terms by the Governor, the Senate Rules Committee, and the Speaker of the Assembly. The other six represent the major segments of postsecondary education in California.

As of January 1988, the Commissioners representing the general public are:

Mim Andelson, Los Angeles
C. Thomas Dean, Long Beach, *Chairperson*
Henry Der, San Francisco
Seymour M. Farber, M.D., San Francisco
Lowell J. Paige, El Macero
Cruz Reynoso, Los Angeles, *Vice Chairperson*
Sharon N. Skog, Palo Alto
Thomas E. Stang, Los Angeles
Stephen P. Teale, M.D., Modesto

Representatives of the segments are:

Yori Wada, San Francisco; appointed by the Regents of the University of California

William D Campbell, Carlsbad; appointed by the Trustees of the California State University

Borgny Baird, Long Beach; appointed by the Board of Governors of the California Community Colleges

Harry Wugalter, Thousand Oaks; appointed by the Council for Private Postsecondary Educational Institutions

Kenneth L. Peters, Tarzana; appointed by the California State Board of Education

James B. Jamieson, San Luis Obispo; appointed by California's independent colleges and universities

Functions of the Commission

The Commission is charged by the Legislature and Governor to "assure the effective utilization of public postsecondary education resources, thereby eliminating waste and unnecessary duplication, and to promote diversity, innovation, and responsiveness to student and societal needs."

To this end, the Commission conducts independent reviews of matters affecting the 2,600 institutions of postsecondary education in California, including Community Colleges, four-year colleges, universities, and professional and occupational schools.

As an advisory planning and coordinating body, the Commission does not administer or govern any institutions, nor does it approve, authorize, or accredit any of them. Instead, it cooperates with other state agencies and non-governmental groups that perform these functions, while operating as an independent board with its own staff and its own specific duties of evaluation, coordination, and planning.

Operation of the Commission

The Commission holds regular meetings throughout the year at which it debates and takes action on staff studies and takes positions on proposed legislation affecting education beyond the high school in California. By law, the Commission's meetings are open to the public. Requests to address the Commission may be made by writing the Commission in advance or by submitting a request prior to the start of a meeting.

The Commission's day-to-day work is carried out by its staff in Sacramento, under the guidance of its executive director, William H. Pickens, who is appointed by the Commission.

The Commission publishes and distributes without charge some 40 to 50 reports each year on major issues confronting California postsecondary education. Recent reports are listed on the back cover.

Further information about the Commission, its meetings, its staff, and its publications may be obtained from the Commission offices at 1020 Twelfth Street, Third Floor, Sacramento, CA 98514; telephone (916) 445-7933.

OVERVIEW OF THE 1988-89 GOVERNOR'S BUDGET FOR POSTSECONDARY EDUCATION IN CALIFORNIA

California Postsecondary Education Commission Report 88-8

ONE of a series of reports published by the Commission as part of its planning and coordinating responsibilities. Additional copies may be obtained without charge from the Publications Office, California Postsecondary Education Commission, Third Floor, 1020 Twelfth Street, Sacramento, California 95814-3985.

Recent reports of the Commission include:

88-6 Comments on Educational Equity Plans of the Segments: A Staff Report on the Development of Plans by the State Department of Education, the California State University, and the University of California to Achieve the Educational Equity Goals of Assembly Concurrent Resolution 83 (1984) (February 1988)

88-7 Size, Growth, and Cost of Administration at the California State University: A Report Prepared by Price Waterhouse and MGT Consultants for the California Postsecondary Education Commission (February 1988)

88-8 Overview of the 1988-89 Governor's Budget for Postsecondary Education in California: Testimony by William H. Pickens, Executive Director, California Postsecondary Education Commission (March 1988)

88-9 Faculty Salaries in California's Public Universities, 1988-89: The Commission's 1987 Report to the Legislature and Governor in Response to Senate Concurrent Resolution No. 51 (1965) (March 1988)

88-10 Eligibility of California's 1986 High School Graduates for Admission to Its Public Universities: A Report of the 1986 High School Eligibility Study (March 1988)

88-11 Eligibility for Freshman Admission to the University of California: A Statement to the Regents of the University by William H. Pickens, Executive Director, California Postsecondary Education Commission, February 18, 1988 (March 1988)

88-12 Time to Degree in California's Public Universities: Factors Contributing to the Length of Time Undergraduates Take to Earn Their Bachelor's Degree (March 1988)

88-13 Evaluation of the California Academic Partnership Program (CAPP): A Report to the Legislature in Response to Assembly Bill 2398 (Chapter 620, Statutes of 1984) (March 1988)

88-14 Standardized Tests Used for Higher Education Admission and Placement in California During 1987: The Third in a Series of Annual Reports Published in Accordance with Senate Bill 1758 (Chapter 1505, Statutes of 1984) (March 1988)

88-15 Update of Community College Transfer Student Statistics Fall 1987: University of California, The California State University, and California's Independent Colleges and Universities (March 1988)

88-16 Legislative Update, March 1988: A Staff Report to the California Postsecondary Education Commission (March 1988)

88-17 State Policy for Faculty Development in California Public Higher Education: A Report to the Governor and Legislature in Response to Supplemental Language in the 1986 Budget Act (May 1988)

88-18 to 20 Exploring Faculty Development in California Higher Education: Prepared for the California Postsecondary Education Commission by Berman, Weiler Associates:

88-18 Volume One: Executive Summary and Conclusions, by Paul Berman and Daniel Weiler, December 1987 (March 1988)

88-19 Volume Two: Findings, by Paul Berman, Jo-Ann Intili and Daniel Weiler, December 1987 (March 1988)

88-20 Volume Three: Appendix, by Paul Berman, Jo-Ann Intili, and Daniel Weiler, January 1988 (March 1988)

88-21 Staff Development in California's Public Schools: Recommendations of the Policy Development Committee for the California Staff Development Policy Study, March 16, 1988 (March 1988)

88-22 and 23 Staff Development in California: Public and Personal Investments, Program Patterns, and Policy Choices, by Judith Warren Little, William H. Gerritz, David S. Stern, James W. Guthrie, Michael W. Kirst, and David D. Marsh. A Joint Publication of Far West Laboratory for Educational Research and Development • Policy Analysis for California Education (PACE), December 1987:

88-22 Executive Summary (March 1988)

88-23 Report (March 1988)